



CONNECTICUT

TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS
BY
ANDY MARKOWSKI, CONNECTICUT STATE DIRECTOR
SUPPORTING HB-5018,
AA REQUIRING A COST-BENEFIT ANALYSIS OF HEALTH INSURANCE BENEFITS MANDATED IN
THIS STATE
BEFORE THE INSURANCE & REAL ESTATE COMMITTEE
FEBRUARY 3, 2009

The National Federation of Independent Business (NFIB) supports HB-5018, An Act Requiring A Cost-Benefit Analysis Of Health Insurance Benefits Mandated In This State.

A non-profit, non-partisan organization, NFIB is Connecticut's and the nation's leading small-business advocacy association. In Connecticut, NFIB represents thousands of small- and independent-business owners and their workers involved in all types of industry.

Rising health insurance costs are one of the top issues facing Connecticut's small-business owners today, and those concerns are growing according to NFIB members. Small-business owners continue to struggle with annual, double-digit insurance premium increases that make providing and maintaining coverage more and more difficult.

While mandates make health insurance more comprehensive, they also make it more expensive. Mandates require insurers to pay for care consumers may have previously funded out of their own pockets, thereby raising premiums to cover the increased claims the insurer anticipates to take place as a result of the mandate. Some mandates obviously have a much greater impact on the cost of health insurance than others. In some markets, mandated benefits increase the cost of health insurance by as much as 45 percent. Mandates, regardless of the form they take or how well intentioned, drive up the cost of health insurance, especially in the small (2-50) employee market.

Small-business owners want to and do offer health care plans that cover a wide variety of benefits such as preventive care and cancer screenings. Providing these types of benefits is important to the productivity of NFIB members and their employees. ***However, all mandates should be subject to a high-level review and scrutiny for their financial impact and their medical necessity.*** Before the state legislature passes a new mandate, it should require a comprehensive cost analysis to assess the mandate's likely impact on health insurance premiums. As of 2006, at least 28 states conduct state mandated benefit studies. Also, as of 2006, at least 10 states provided for "mandate-lite" policies, which allow an individual to purchase a policy with fewer mandates more tailored to his or her needs and financial situation.

Additionally, NFIB suggests that HB-5018 be amended to include that the independent working group must specifically consider an evaluation of the financial impact of mandates on small employers.

Measures such as HB-5018 will go a long way to help Connecticut's struggling small businesses cope with the rising costs of health insurance. NFIB therefore urges lawmakers to pass HB-5018.